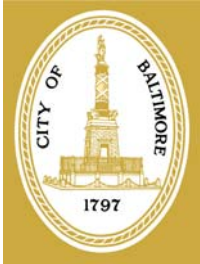


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## CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



## DEPARTMENT OF AUDITS

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City Auditor

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June 14, 2001

Honorable Joan M. Pratt, Comptroller  
And Other Members of the Board of Estimates  
City of Baltimore

We previously conducted an audit of overtime paid to employees in the Department of Public Works (DPW). The objectives of our audit were to determine whether adequate policies and procedures were in place to effectively monitor and control paid overtime, and whether those policies and procedures were being followed. The results of our audit were presented in our audit report dated December 8, 1999 on the Department of Public Works Monitoring and Control of Paid Overtime.

On March 30, 2000, DPW presented to the Board of Estimates, an implementation plan that included newly developed written policies and procedures, an establishment of an internal audit review committee, and a training plan for all payroll clerks and supervisors.

The purpose of our follow-up review was to determine DPW's progress regarding the implementation of our audit recommendations. We visited seven site locations which included the Bureaus of General Services, Transportation, Solid Waste, and Water and Waste Water, and tested employees with earned overtime for a selected pay period in October 2000 to determine whether DPW implemented its policies and procedures, overtime was accurately reported and properly approved, and overtime usage was reasonably justified.

Our follow-up review determined that DPW has made commendable progress in addressing our outstanding audit report issues. However, DPW needs to ensure that all payroll clerks and supervisors have received training on the newly developed policies and procedures. In addition, DPW needs to enforce its policy "to properly document overtime" which includes authorization and justification of the actual overtime worked. Finally, DPW must ensure that the payroll attendance reports submitted to Central Payroll are accurate and supported by time records.

This report includes a restatement of the audit findings and recommendations contained in our audit report and the results of our follow-up review. The response of DPW to our follow-up review is also in this report.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

## **Audit Follow-up Review Results**

### **Finding #1**

**Adequate procedures to centrally monitor and control paid overtime did not exist.**

We recommended that DPW continue its efforts to centrally monitor and control overtime at the Bureau of Water and Wastewater. We also recommended that DPW establish similar procedures in all of its Bureaus. Finally, BBMR should continue to develop and implement procedures for centrally monitoring and controlling paid overtime for all City agencies.

### **Follow-up Results**

DPW has adequately addressed this finding through its DPW STAT and the Mayor's CITISTAT. DPW STAT and CITISTAT require each of the Bureaus of DPW to submit various performance and personnel data for review by a DPW/CITISTAT team. This data is for a two week period and includes overtime. Overtime that appears excessive or unusual may be questioned, and DPW personnel may be required to appear at a DPW STAT/CITISTAT meeting to justify overtime. Responsible personnel appear and report to the DPW STAT team prior to reporting to the CITISTAT team. In addition, the Bureau of Budget and Management Research (BBMR) and the Mayor's Office of Information Technology (MOIT) developed an overtime summary report that identifies all City employees (by budget agency) who have exceeded an established ceiling of paid overtime. This report is generated monthly and is reviewed by BBMR. Although citywide paid overtime has increased 8.9%, DPW paid overtime has decreased 4.3% from fiscal year 1999 to fiscal year 2000.

### **Finding #2**

**Standardized written procedures were not available to provide specific guidance to DPW employees responsible for documenting, approving and recording overtime.**

We recommended that DPW develop standardized written policies and procedures for administering the payroll system. At a minimum, those procedures should include the establishment of a uniform, positive time-keeping system that specifically addresses the types of documents to be used and the appropriate personnel responsible for authorizing, approving and recording overtime hours. The establishment of adequate written procedures would help to ensure consistency of application and adherence to authorized policies and would also serve as a valuable aid in training employees. In addition, well-defined, written procedures enhance flexibility of staff assignments.

### **Follow-up Results**

DPW developed standardized written policies and procedures for administering its payroll system. The written policies and procedures include instructions on completing weekly or bi-weekly time sheets and time sheets for overtime, instructions for the required authorization and approval of overtime, and copies of the appropriate forms used to authorize, record and report

overtime. Training on the written policies and procedures, as well as copies of the procedures, were provided to all payroll clerks and supervisors of DPW divisions. We interviewed payroll clerks and supervisors at the Pulaski Highway, Lombard Street, Franklin Street, Washington Boulevard, Madison Street, Boston Street, and Bowley's Lane locations to determine participation in the training on the standardized written policies and procedures. We found that the personnel at the Franklin Street and Washington Boulevard locations and some of the personnel at the Bowley's Lane location had not received the training.

We recommend DPW continue to train payroll clerks and supervisors in the newly developed policies and procedures so that all applicable personnel can implement the policies and procedures in a consistent manner.

### **Finding #3**

#### **Justifications for overtime hours were not adequately documented.**

We recommended that DPW supervisors maintain contemporaneously prepared documentation to substantiate and justify the number of overtime hours worked. The documentation should include a description of the work performed and a justification of the necessity for the overtime hours (e.g., a description of the emergency, if applicable, or an explanation as to why the work could not have been performed during the normal workday). Except for emergency situations, the justifications for all overtime should be documented and approved in advance. These records will facilitate the submission of information to BBMR for employees exceeding a specified amount of paid overtime. (See Finding #1).

### **Follow-up Results**

DPW has not adequately documented justifications for overtime worked. In our follow-up review, we examined the payroll records of 240 employees earning overtime during the last pay period of October 2000 from seven (7) DPW locations. Overtime authorization requests were not available for 219 (92%) employees tested. Overtime authorization reports, as outlined in DPW's policies and procedures, should include the reasons for overtime, personnel working overtime, description and location of the work, certification of the necessity for overtime, and the signatures of the superintendent, division chief and bureau head. The authorization reports were generally not used by the Washington Boulevard, Franklin Street, Boston Street and Bowley's Lane locations and were inconsistently used at Lombard Street and Pulaski Highway locations. The Madison Street (Special Events) had overtime authorizations for all eight employees examined. Most locations included descriptions of the overtime work on the overtime reports, but the descriptions were often vague and often listed only the address or route where the work was performed.

We recommend DPW enforce its policy "to properly document overtime" which includes authorization and justification of the actual overtime worked.

**Finding #4**


**Overtime hours recorded on the Payroll Attendance Reports were not adequately supported and properly authorized.**

We recommended that time and attendance documentation to substantiate overtime be reviewed and approved by the immediate supervisor responsible for reporting individual or group location attendance. The supervisor should then forward the approved documentation to the agency's payroll clerk to be used as a basis for preparation of the Payroll Attendance Report (PAR). The work of the payroll clerks should be periodically reviewed for accuracy by their immediate supervisor. This review should include documentation of the comparison of the markings and related information on the PAR with the positive time-keeping records and/or other properly authorized documents. The PAR should be reviewed and approved by an individual who is knowledgeable of the attendance, overtime, etc. of the reporting unit. At a minimum, this review should include verifying overtime hours reported to supporting documentation. DPW must emphasize the responsibility of the supervisors to assure the accuracy of time and attendance information of their subordinates. If there are irregularities, the supervisor and the subordinate must be held accountable.

**Follow-up Results**

Overtime hours recorded on the PARs were not adequately supported and properly approved. Overtime reports were not maintained to support the overtime hours recorded on the PAR for 54 of the 240 employees reviewed (23%). The Bowley's Lane location represented 48 of the 54 (89%) overtime reports that could not be found. Also, 27 incidences of employees' overtime hours that were recorded on the Payroll Attendance Report (PAR) did not agree to the hours recorded on the overtime report, resulting in a net overpayment of \$346. We also found 37 (16%) overtime reports that were incomplete as to employee, supervisor, or approval signatures and the hours worked. The above results indicate that supporting documents are not being utilized when reviewing the PAR, and the supporting documents (overtime reports) are not being properly approved and/or authorized.

We recommend that DPW properly and adequately support overtime hours recorded on the PAR by ensuring that all paid overtime is recorded on an overtime report that documents hours worked, the employees' signature, and the proper approval signatures. A proper review of the PAR and supporting documents is required to prevent improper payment of overtime.

FROM	NAME & TITLE	George L. Winfield, Director	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Public Works 600 Abel Wolman Building		
	SUBJECT	Follow-up of Department of Public Works Monitoring And Control of Paid Overtime Audit Report		

TO

Yovonda D. Brooks, CPA  
City Auditor  
Department of Audits  
321 City Hall

DATE: June 5, 2001

In response to your memorandum of May 10, 2001 requesting that we address the results of the follow-up review, we wish to advise you of the following:

**Finding #1 – Adequate procedures to centrally monitor and control paid overtime did not exist**

**Follow Up Results** – The department has addressed this finding and will continue to monitor expenditures on a bi-monthly basis at out Citistat and DPW Stat meetings and will continue to establish ways to eliminate or reduce overtime.

**Finding #2 – Standardized written procedures were not available to provide specific guidance to DPW employees responsible for documenting, approving and recording overtime.**

**Follow Up Results** – The Department did develop written procedures, which included instructions on policies and procedures. The Personnel Section trained, 56 supervisors and 8 payroll clerks in Solid Waste, 10 supervisors and 22 payroll clerks in Water and Wastewater, 5 supervisors and 42 payroll clerks in Transportation and 1 supervisor and 7 payroll clerks in General Services. The Personnel Section will be giving on-going training in the areas of payroll preparation and training. Currently, we are canvassing the entire Department to see who may not have received the original training, including managers and payroll clerks. Also, we will be redistributing the written procedures to those individuals who do not have them.

**Finding #3 – Justification for overtime hours were not adequately documented.**

**Follow Up Results** - What we found in our internal audit was that the Bureaus were not using the Advance / Emergency Overtime Authorization forms. They would get approval for overtime needed from their Superintendents and Chief. However, some areas were using the Overtime Report, which is used to describe the type of work performed and the overtime hours worked. The employee and management sign this form.

Now all employees required to work overtime must fill out an individual overtime authorization sheet, signed by two supervisors which is forwarded to the payroll clerk along with the completed Advance/Emergency Overtime Authorization form. Failure to provide all necessary forms results in overtime hours reported being disallowed until the proper forms have been approved. The Bureau Heads have met with their Managers to ensure that all of these documents are being completed in a correct manner.

Also, every two weeks when the Bureau comes into DPW Stat, we have a payroll clerk and manager attend. They bring their actual payroll, along with all of the documentation, to verify all payroll markings. The Personnel Administrator verifies that the overtime authorization and overtime report are correctly filled out, has required signatures, the reasons for overtime and the payroll markings must match the documentation.

**Finding #4 – Overtime hours recorded on the Payroll Attendance Reports were not adequately supported and properly authorized.**

**Follow Up Results** – By following our recommendations in Finding #3, the Department feels that these areas will be alleviated by checking the Bureaus on a bi-weekly basis, rather than quarterly as originally indicated, we also reduce the risk of errors. Also, the managers will be held accountable to verify that the information is accurate by signing the payroll authorization forms.

The Department will continue to train, monitor and look at ways to reduce overtime in all Bureaus.

GEORGE L. WINFIELD  
DIRECTOR

GLW:LB:lb

Cc: Deputy David E. Scott